

CITY OF CHAPMAN, KANSAS

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

December 31, 2009

CITY OF CHAPMAN
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July 15, 2010

Mayor and City Council
City of Chapman, Kansas

Independent Auditors' Report

We have audited the accompanying financial statements of the City of Chapman, Kansas (the City), as of and for the year ended December 31, 2009, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, the City prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the statutory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Chapman, Kansas, as of December 31, 2009, and its cash receipts and expenditures, for the year ended, on the basis of accounting described in Note 1.

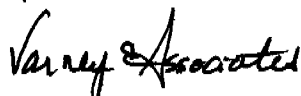
In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important to assessing the results of our audit.

Independent Auditors' Report

July 15, 2010
City of Chapman, Kansas
(Continued)

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The remaining information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This report is intended for the information and use of the City Council and management of the City of Chapman, Kansas, and for filing with the Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountants
Manhattan, Kansas

Independent Auditors' Report

July 15, 2010

Mayor and City Council
City of Chapman, Kansas

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

We have audited the financial statements of the City of Chapman, Kansas (the City), as of and for the year ended December 31, 2009 and have issued our report thereon dated July 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

July 15, 2010
City of Chapman, Kansas
(Continued)

We noted certain matters that we reported to management of the City in a separate letter dated July 15, 2010.

This report is intended solely for the information and use of management, City Council, others within the entity, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Varney & Associates

Certified Public Accountants
Manhattan, Kansas

Independent Auditors' Report

CITY OF CHAPMAN, KANSAS
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2009

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add:		Ending Cash Balance
						Outstanding Encumbrances and Accounts Payable		
Governmental Funds								
General Fund	\$ 248,032	\$ -	\$ 702,289	\$ 767,140	\$ 183,181	\$ 48,123	\$	\$ 231,304
Special Revenue Funds								
Fire Equipment	8,855	-	8,819	5,274	12,400	-		12,400
Recreation	498	-	9,341	9,000	839	-		839
Library	677	-	28,594	27,835	1,436	-		1,436
Special Highway	48,826	-	65,197	98,788	15,235	4,410		19,645
Employee Benefit	925	-	151,884	144,922	7,887	-		7,887
Special Parks and Recreation	17,282	-	3,407	6,431	14,258	148		14,406
Equipment Reserve	58,235	-	4,083	-	62,318	-		62,318
Bond and Interest	25,841	-	72,386	88,761	9,466	-		9,466
Proprietary Fund Types								
Enterprise Funds								
Electric Utility	240,012	-	1,071,536	1,081,471	230,077	26,526		256,603
Water Utility	43,471	-	156,938	140,254	60,155	4,633		64,788
Rural Water District	41,836	-	-	5,666	36,170	-		36,170
Sewer Utility	60,989	-	101,411	138,847	23,553	1,974		25,527
Indian Hills Golf Course	5,254	-	106,341	111,259	336	1,205		1,541

(continued)

STATEMENT 1

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

CITY OF CHAPMAN, KANSAS
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH (CONTINUED)
For the Year Ended December 31, 2009

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add:		Ending Cash Balance
						Outstanding Encumbrances and Accounts Payable		
Fiduciary Fund Types								
Expendable Trust Funds								
Recreation Payroll	\$ -	\$ -	\$ 13,460	\$ 13,460	\$ -	\$ -		\$ -
Housing Payroll	-	-	45,844	45,844	-	-		-
Total Reporting Entity (Excluding Agency Funds)	\$ 800,733	\$ -	\$ 2,541,530	\$ 2,684,952	\$ 657,311	\$ 87,019		\$ 744,330

Composition of Cash	
Checking Accounts	\$ 62,347
Petty Cash	300
Certificates of Deposit	700,000
Total Cash	762,647
Agency Funds per Statement 4	(18,317)
Total Reporting Entity (Excluding Agency Funds)	\$ 744,330

STATEMENT 1
(continued)

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

STATEMENT 2

CITY OF CHAPMAN, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET (BUDGETED FUNDS ONLY)
For the Year Ended December 31, 2009

<u>Fund</u>	<u>Certified Budget</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental Funds			
General Fund	\$ 486,200	\$ 366,257 *	\$ 119,943
Special Revenue Funds			
Fire Equipment	28,500	5,274	23,226
Recreation	9,000	9,000	-
Library	27,835	27,835	-
Special Highway	174,000	98,788	75,212
Employee Benefit	170,000	144,922	25,078
Special Parks and Recreation	18,000	6,431	11,569
Bond and Interest	90,000	88,761	1,239
Proprietary Funds			
Enterprise Funds			
Electric Utility	1,149,500	1,081,471	68,029
Water Utility	244,500	140,254	104,246
Rural Water District	35,000	5,666	29,334
Sewer Utility	159,000	138,847	20,153
Indian Hills Golf Course	161,400	111,259	50,141
TOTAL	\$ 2,752,935	\$ 2,224,765	\$ 528,170

* Expenditures chargeable to the current year does not include the disaster recovery line item; therefore, total expenditures chargeable to the current year budget are \$366,257 (767,140 - \$400,883).

Financial Statements

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

GENERAL FUND

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS				
Taxes and Shared Revenue				
Ad Valorem property tax	\$ 39,818	\$ 112,347	\$ 114,837	\$ (2,490)
Delinquent and foreclosures	1,552	1,768	-	1,768
Motor vehicle/Recreational vehicle tax	10,493	9,373	7,773	1,600
Local alcoholic liquor	4,571	3,407	8,000	(4,593)
Sales tax	107,557	108,470	90,000	18,470
Swimming pool receipts	10,983	11,583	12,600	(1,017)
Licenses and permits	10,035	12,037	20,800	(8,763)
Fines and fees	41,073	33,488	48,500	(15,012)
Franchise tax	37,458	35,799	41,000	(5,201)
Interest	19,143	4,453	23,000	(18,547)
Miscellaneous	21,101	25,564	28,300	(2,736)
Operating transfers	40,000	20,000	20,000	-
Amount received in lieu of taxes	-	-	6,000	(6,000)
Grants - State of Kansas CDBG	177,531	104,678	-	104,678
Insurance proceeds	163,002	35,931	-	35,931
Donations received	200,421	13,259	-	13,259
FEMA proceeds	220,491	148,432	-	148,432
USD #473 proceeds	-	21,700	-	21,700
Total Cash Receipts	\$ 1,105,229	\$ 702,289	\$ 420,810	\$ 281,479
EXPENDITURES				
General operating	\$ 321,653	\$ 310,573	\$ 379,500	\$ 68,927
Fire department	3,042	4,117	14,000	9,883
Parks department	1,497	872	4,000	3,128
Pool department	28,929	28,505	43,700	15,195
Capital outlay	22,827	-	25,000	25,000
Capital lease payments	-	17,190	-	(17,190)
Disaster recovery (Insurance, donations and FEMA)	510,267	400,883	-	(400,883)
Operating transfers	18,346	-	17,000	17,000
Miscellaneous	-	5,000	3,000	(2,000)
Total Expenditures	\$ 906,561	\$ 767,140	\$ 486,200	\$ (280,940)
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 198,668	\$ (64,851)		
UNENCUMBERED CASH - JANUARY 1	49,364	248,032		
UNENCUMBERED CASH - DECEMBER 31	\$ 248,032	\$ 183,181		

* Expenditures chargeable to the current year does not include the disaster recovery line item; therefore, total expenditures chargeable to the current year budget are \$366,257 (\$767,140 - \$400,883).

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

FIRE EQUIPMENT FUND

	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS				
Taxes and Shared Revenue				
Ad Valorem property tax	\$ 7,574	\$ 6,960	\$ 7,064	\$ (104)
Delinquent and foreclosures	176	172	-	172
Motor vehicle/Recreational vehicle tax	1,827	1,687	1,475	212
Miscellaneous	-	-	5,000	(5,000)
FEMA proceeds	497	-	-	-
Operating transfers	5,000	-	-	-
Total Cash Receipts	<u>\$ 15,074</u>	<u>\$ 8,819</u>	<u>\$ 13,539</u>	<u>\$ (4,720)</u>
EXPENDITURES				
Commodities	\$ 1,611	\$ 945	\$ 4,300	\$ 3,355
Capital outlay	8,483	-	23,500	23,500
Miscellaneous	456	4,329	700	(3,629)
Operating transfers	8,167	-	-	-
Total Expenditures	<u>\$ 18,717</u>	<u>\$ 5,274</u>	<u>\$ 28,500</u>	<u>\$ 23,226</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (3,643)</u>	<u>\$ 3,545</u>		
UNENCUMBERED CASH - JANUARY 1	<u>12,498</u>	<u>8,855</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 8,855</u>	<u>\$ 12,400</u>		

Financial Statements

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

RECREATION FUND

	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS				
Taxes and Shared Revenue				
Ad Valorem property tax	\$ 6,943	\$ 7,472	\$ 7,597	\$ (125)
Delinquent and foreclosures	249	255	-	255
Motor vehicle/Recreational vehicle tax	1,830	1,614	1,352	262
Operating transfers	498	-	-	-
Total Cash Receipts	<u>\$ 9,520</u>	<u>\$ 9,341</u>	<u>\$ 8,949</u>	<u>\$ 392</u>
EXPENDITURES				
Appropriations	\$ 9,398	\$ 9,000	\$ 9,000	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 122	\$ 341		
UNENCUMBERED CASH - JANUARY 1	376	498		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 498</u>	<u>\$ 839</u>		

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

LIBRARY FUND

	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS				
Taxes and Shared Revenue				
Ad Valorem property tax	\$ 20,639	\$ 23,420	\$ 23,939	\$ (519)
Delinquent and foreclosures	567	633	-	633
Motor vehicle/Recreational vehicle tax	4,306	4,541	4,055	486
Operating transfer	677	-	-	-
Total Cash Receipts	<u>\$ 26,189</u>	<u>\$ 28,594</u>	<u>\$ 27,994</u>	<u>\$ 600</u>
EXPENDITURES				
Appropriations to library	\$ 25,978	\$ 27,835	\$ 27,835	\$ -
Miscellaneous	7	-	-	-
Total Expenditures	<u>\$ 25,985</u>	<u>\$ 27,835</u>	<u>\$ 27,835</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 204	\$ 759		
UNENCUMBERED CASH - JANUARY 1	<u>473</u>	<u>677</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 677</u>	<u>\$ 1,436</u>		

Financial Statements

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

SPECIAL HIGHWAY FUND

	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS				
Taxes and Shared Revenue				
Ad Valorem property tax	\$ 36,934	\$ 23,063	\$ 23,229	\$ (166)
Delinquent and foreclosures	1,223	1,184	-	1,184
Motor vehicle/Recreational vehicle tax	7,912	7,913	7,216	697
State payments	36,618	33,037	37,510	(4,473)
Miscellaneous	2	-	2,000	(2,000)
Operating transfer	-	-	50,000	(50,000)
FEMA proceeds	12,882	-	-	-
Total Cash Receipts	<u>\$ 95,571</u>	<u>\$ 65,197</u>	<u>\$ 119,955</u>	<u>\$ (54,758)</u>
EXPENDITURES				
Personnel services	\$ 54,731	\$ 65,764	\$ 75,000	\$ 9,236
Commodities	25,508	22,813	81,500	58,687
Contractual services	9,414	10,211	5,000	(5,211)
Capital outlay	10,441	-	12,500	12,500
Total Expenditures	<u>\$ 100,094</u>	<u>\$ 98,788</u>	<u>\$ 174,000</u>	<u>\$ 75,212</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (4,523)	\$ (33,591)		
UNENCUMBERED CASH - JANUARY 1	<u>53,349</u>	<u>48,826</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 48,826</u>	<u>\$ 15,235</u>		

Financial Statements

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

EMPLOYEE BENEFIT FUND

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS				
Taxes and Shared Revenue				
Ad Valorem property tax	\$ 75,661	\$ 73,239	\$ 74,678	\$ (1,439)
Delinquent and foreclosures	1,898	2,145	-	2,145
Motor vehicle/Recreational vehicle tax	14,619	16,500	14,865	1,635
Operating transfer	24,500	60,000	60,000	-
Total Cash Receipts	<u>\$ 116,676</u>	<u>\$ 151,884</u>	<u>\$ 149,543</u>	<u>\$ 2,341</u>
EXPENDITURES				
KPERS	\$ 23,143	\$ 26,396	\$ 28,000	\$ 1,604
Social Security	39,252	43,264	52,000	8,736
Unemployment	513	565	3,000	2,435
Insurance	65,942	74,697	87,000	12,303
Total Expenditures	<u>\$ 128,850</u>	<u>\$ 144,922</u>	<u>\$ 170,000</u>	<u>\$ 25,078</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (12,174)	\$ 6,962		
UNENCUMBERED CASH - JANUARY 1	<u>13,099</u>	<u>925</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 925</u>	<u>\$ 7,887</u>		

Financial Statements

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

SPECIAL PARKS AND RECREATION FUND

	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS				
Intergovernmental	\$ 4,571	\$ 3,407	\$ 6,500	\$ (3,093)
EXPENDITURES				
Commodities	\$ 1,213	6,268	\$ 4,000	\$ (2,268)
Capital outlay	1,651	163	14,000	13,837
Total Expenditures	<u>\$ 2,864</u>	<u>\$ 6,431</u>	<u>\$ 18,000</u>	<u>\$ 11,569</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,707	\$ (3,024)		
UNENCUMBERED CASH - JANUARY 1	<u>15,575</u>	<u>17,282</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 17,282</u>	<u>\$ 14,258</u>		

Financial Statements

STATEMENT 3
(continued)

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

EQUIPMENT RESERVE FUND

	<u>Prior Year Actual</u>	<u>Actual</u>
CASH RECEIPTS		
Transfers	\$ 18,167	\$ -
Miscellaneous	-	4,083
Total Cash Receipts	<u>\$ 18,167</u>	<u>\$ 4,083</u>
EXPENDITURES		
Capital outlay	\$ 17,400	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 767	\$ 4,083
UNENCUMBERED CASH - JANUARY 1	<u>57,468</u>	<u>58,235</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 58,235</u></u>	<u><u>\$ 62,318</u></u>

Financial Statements

STATEMENT 3
(continued)

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

BOND AND INTEREST FUND

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS				
Taxes and Shared Revenue				
Ad Valorem property tax	\$ 35,516	\$ 10,309	\$ 10,282	\$ 27
Delinquent and foreclosures	810	1,927	-	1,927
Motor vehicle/Recreational vehicle tax	7,399	6,683	6,952	(269)
Special assessments	57,633	53,467	47,600	5,867
Miscellaneous	-	-	1,000	(1,000)
Operating transfers	4,200	-	-	-
Total Cash Receipts	\$ 105,558	\$ 72,386	\$ 65,834	\$ 6,552
EXPENDITURES				
Bond principal	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Interest	49,385	43,761	44,000	239
Miscellaneous	-	-	1,000	1,000
Total Expenditures	\$ 94,385	\$ 88,761	\$ 90,000	\$ 1,239
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 11,173	\$ (16,375)		
UNENCUMBERED CASH - JANUARY 1	14,668	25,841		
UNENCUMBERED CASH - DECEMBER 31	\$ 25,841	\$ 9,466		

Financial Statements

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

ELECTRIC UTILITY FUND

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS				
Sale of electricity	\$ 944,442	\$ 1,053,861	\$ 1,000,000	\$ 53,861
Sales tax	12,377	13,569	20,000	(6,431)
Miscellaneous	9,315	1,476	10,000	(8,524)
Utility connect fee	-	2,630	2,500	130
FEMA proceeds	14,089	-	-	-
Total Cash Receipts	<u>\$ 980,223</u>	<u>\$ 1,071,536</u>	<u>\$ 1,032,500</u>	<u>\$ 39,036</u>
EXPENDITURES				
General and Administrative				
Personnel services	\$ 126,021	\$ 160,685	\$ 153,000	\$ (7,685)
Commodities	65,793	102,289	72,000	(30,289)
Contractual services	37,737	24,648	21,000	(3,648)
Capital outlay	40,000	8,985	20,000	11,015
Production				
Commodities	41,631	74,799	108,500	33,701
Contractual services	507,958	573,650	560,000	(13,650)
Capital outlay	-	160	30,000	29,840
Operating transfers	32,000	30,000	75,000	45,000
Bond payments	55,000	60,000	60,000	-
Interest expense	48,455	46,255	50,000	3,745
Total Expenditures	<u>\$ 954,595</u>	<u>\$ 1,081,471</u>	<u>\$ 1,149,500</u>	<u>\$ 68,029</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 25,628</u>	<u>\$ (9,935)</u>		
UNENCUMBERED CASH - JANUARY 1	<u>214,384</u>	<u>240,012</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 240,012</u>	<u>\$ 230,077</u>		

Financial Statements

STATEMENT 3
(continued)

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

WATER UTILITY FUND

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS				
Sale of water	\$ 136,039	\$ 144,215	\$ 175,200	\$ (30,985)
Utility connect fee	-	4,885	2,000	2,885
Miscellaneous	6,347	7,838	10,000	(2,162)
Total Cash Receipts	<u>\$ 142,386</u>	<u>\$ 156,938</u>	<u>\$ 187,200</u>	<u>\$ (30,262)</u>
EXPENDITURES				
Personnel services	\$ 55,884	\$ 56,439	\$ 90,000	\$ 33,561
Commodities	51,357	47,515	42,500	(5,016)
Contractual services	18,804	16,300	22,000	5,700
Capital outlay	14,295	-	40,000	40,000
Operating transfers	42,500	20,000	50,000	30,000
Total Expenditures	<u>\$ 182,840</u>	<u>\$ 140,254</u>	<u>\$ 244,500</u>	<u>\$ 104,246</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (40,454)	\$ 16,684		
UNENCUMBERED CASH - JANUARY 1	<u>83,925</u>	<u>43,471</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 43,471</u>	<u>\$ 60,155</u>		

Financial Statements

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

RURAL WATER DISTRICT FUND

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS				
Funds from Rural Water District	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total Cash Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Commodities	\$ -	\$ 2,436	\$ 2,000	\$ (436)
Salaries	-	-	3,000	3,000
Capital outlay	-	3,230	30,000	26,770
Total Expenditures	<u>\$ -</u>	<u>\$ 5,666</u>	<u>\$ 35,000</u>	<u>\$ 29,334</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ (5,666)		
UNENCUMBERED CASH - JANUARY 1	<u>41,836</u>	<u>41,836</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 41,836</u>	<u>\$ 36,170</u>		

Financial Statements

STATEMENT 3
(continued)

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

SEWER UTILITY FUND

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS				
Sewer fees	\$ 98,980	\$ 88,298	\$ 108,000	\$ (19,702)
Miscellaneous	2,739	1,603	5,000	(3,397)
Late charges	-	11,510	10,000	1,510
Total Cash Receipts	\$ 101,719	\$ 101,411	\$ 123,000	\$ (21,589)
EXPENDITURES				
Personnel services	\$ 19,683	\$ 29,458	\$ 25,000	\$ (4,458)
Commodities	22,818	35,489	39,000	3,511
Contractual services	41,022	33,715	35,000	1,285
Capital outlay	-	185	20,000	19,815
Transfers	20,000	40,000	40,000	-
Total Expenditures	\$ 103,523	\$ 138,847	\$ 159,000	\$ 20,153
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (1,804)	\$ (37,436)		
UNENCUMBERED CASH - JANUARY 1	62,793	60,989		
UNENCUMBERED CASH - DECEMBER 31	\$ 60,989	\$ 23,553		

Financial Statements

STATEMENT 3
(continued)

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

INDIAN HILLS GOLF COURSE FUND

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS				
Golf fees	\$ 88,893	\$ 95,477	\$ 150,000	\$ (54,523)
Operating transfers	22,971	10,000	10,000	-
Miscellaneous	1,249	864	16,000	(15,136)
FEMA proceeds	9,588	-	-	-
Total Cash Receipts	\$ 122,701	\$ 106,341	\$ 176,000	\$ (69,659)
EXPENDITURES				
Personnel services	\$ 64,487	\$ 68,021	\$ 80,000	\$ 11,979
Commodities	46,710	12,245	57,700	45,455
Contractual services	8,489	30,993	8,000	(22,993)
Capital lease payments	-	-	10,200	10,200
Capital outlay	-	-	5,500	5,500
Total Expenditures	\$ 119,686	\$ 111,259	\$ 161,400	\$ 50,141
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 3,015	\$ (4,918)		
UNENCUMBERED CASH - JANUARY 1	2,239	5,254		
UNENCUMBERED CASH - DECEMBER 31	\$ 5,254	\$ 336		

Financial Statements

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2009

REIMBURSED PAYROLL

	<u>Housing</u>	<u>Recreation</u>
CASH RECEIPTS		
Reimbursements	\$ 45,844	\$ 13,460
EXPENDITURES		
Salaries and benefits	45,844	13,460
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -
UNENCUMBERED CASH - JANUARY 1	-	-
UNENCUMBERED CASH - DECEMBER 31	\$ -	\$ -

CITY OF CHAPMAN, KANSAS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2009

AGENCY FUNDS

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Sanitary Landfill Fund	\$ 537	\$ 6,719	\$ 7,256	\$ -
15% Fire Proceeds	23,677	30	5,390	18,317
	<u>\$ 24,214</u>	<u>\$ 6,749</u>	<u>\$ 12,646</u>	<u>\$ 18,317</u>

Financial Statements

CITY OF CHAPMAN, KANSAS
STATEMENT OF CHANGES IN LONG-TERM DEBT
For the Year Ended December 31, 2009

ISSUE	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2004-A	3.00-4.40%	1/15/04	\$ 94,500	10/1/13	\$ 90,000	\$ -	\$ 15,000	\$ (15,000)	\$ 75,000	\$ 3,795
Series 2006-A	4.65-7.25%	6/15/06	275,000	10/1/26	255,000	-	10,000	(10,000)	245,000	12,488
Series 2007-A	3.85-4.50%	8/15/07	670,000	10/1/27	650,000	-	20,000	(20,000)	630,000	27,478
Total General Obligation Bonds					\$ 995,000	\$ -	\$ 45,000	\$ (45,000)	\$ 950,000	\$ 43,761
Revenue Bonds										
Series 2006-A - Electric Utility	4.00-4.50%	12/1/06	\$ 1,160,000	10/1/22	\$ 1,085,000	\$ -	\$ 60,000	\$ (60,000)	\$ 1,025,000	\$ 46,255
Capitalized Lease Obligation										
2007 Dodge Durango Golf Course	5.95%	3/17/08	\$ 14,073	4/5/10	\$ -	\$ 14,073	\$ 7,036	\$ 7,037	\$ 7,037	\$ -
Total Capitalized Lease Obligations		1/15/00	100,000	1/15/15	54,066	-	7,038	(7,038)	47,028	3,114
					\$ 54,066	\$ 14,073	\$ 14,074	\$ (1)	\$ 54,065	\$ 3,114
Total Contractual Indebtedness					\$ 2,134,066	\$ 14,073	\$ 119,074	\$ (106,001)	\$ 2,029,065	\$ 93,130
Compensated Absences					21,780	1,883	-	1,883	23,663	-
TOTAL LONG-TERM DEBT					\$ 2,155,846	\$ 15,956	\$ 119,074	\$ (103,118)	\$ 2,062,728	\$ 93,130

STATEMENT 5

The accompanying notes are an integral part of these financial statement.
See Independent Auditors' Report.

Financial Statements

CITY OF CHAPMAN, KANSAS
SCHEDULE OF MATURITY OF LONG-TERM DEBT
For the Year Ended December 31,

	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	Total
PRINCIPAL									
Series 2004-A	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Series 2006-A	10,000	10,000	10,000	10,000	10,000	70,000	85,000	40,000	245,000
Series 2006-A	60,000	65,000	65,000	70,000	70,000	410,000	285,000	-	1,025,000
Series 2007-A	20,000	25,000	25,000	25,000	25,000	160,000	200,000	150,000	630,000
Capital lease - Golf course	7,463	7,913	8,391	8,898	9,435	4,928	-	-	47,028
2007 Dodge Durango	7,037	-	-	-	-	-	-	-	7,037
Total Principal	\$ 119,500	\$ 127,913	\$ 128,391	\$ 133,898	\$ 114,435	\$ 644,928	\$ 570,000	\$ 190,000	\$ 2,029,065
INTEREST									
Series 2004-A	\$ 3,195	\$ 2,580	\$ 1,740	\$ 880	\$ -	\$ -	\$ -	\$ -	\$ 8,395
Series 2006-A	11,887	11,328	10,788	10,257	9,738	39,823	22,280	2,850	118,951
Series 2006-A	43,855	41,455	38,855	36,255	33,455	120,110	26,100	-	340,085
Series 2007-A	26,707	25,928	24,952	23,965	22,965	97,315	60,465	13,928	296,225
Capital Lease - Golf course	2,689	2,238	1,760	1,254	863	-	-	-	8,804
Total Interest	\$ 88,333	\$ 83,529	\$ 78,095	\$ 72,611	\$ 67,021	\$ 257,248	\$ 108,845	\$ 16,778	\$ 772,460
TOTAL PRINCIPAL AND INTEREST	\$ 207,833	\$ 211,442	\$ 206,486	\$ 206,509	\$ 181,456	\$ 902,176	\$ 678,845	\$ 206,778	\$ 2,801,525

STATEMENT 5
(continued)

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

CITY OF CHAPMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Note 1: Summary of Significant Accounting Policies

The City of Chapman, Kansas (the City) is a municipal corporation governed by an elected five-member council. The accounting policies of the City conform to the cash-basis and budget laws of Kansas (statutory basis). The following is a summary of the more significant policies:

The Financial Reporting Entity

The financial reporting entity of the City is comprised of the primary government.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the financial statements in this report, the various funds are grouped into generic fund types and broad fund categories as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the City. It is used to account for all unrestricted financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt service funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. There were none in 2009.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for operations that provide goods or services to the general public on a continuing basis. Such operations are financed and operated in a manner similar to private business enterprises and a) are intended to be self-supporting through charges to users or b) the governing body has deemed it appropriate to account for them as enterprise funds for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Fiduciary Funds - Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Statutory Basis of Presentation

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made. The municipality has approved a resolution waiving generally accepted accounting principles which allows the municipality to use the statutory basis of accounting.

CITY OF CHAPMAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Note 1: Summary of Significant Accounting Policies (Continued)

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenditures, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, buildings and equipment owned by the City are not presented in the financial statements. Also, general long-term debt such as general obligation bonds and temporary notes are not presented in the financial statements.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal and annual operating budget.

1. Preparation of budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrances method of accounting. Revenue is recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All encumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for equipment reserve funds, capital projects funds, and trust funds.

Spending in funds, which are not subject to the legal annual operating budget requirement, is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

CITY OF CHAPMAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, upon termination, employees are entitled to accumulated vacation leave. Full-time permanent employees that retire from the City are reimbursed at the rate of \$2.00 per hour for accumulated sick leave. At December 31, 2009, the City's liability for unused vacation time is \$23,663. No liability has been estimated for the accrued sick leave, as it is not possible to reasonably estimate which employees will retire.

Note 2: Deposits and Investments

Kansas State statutes authorize the City to invest in temporary notes or no-fund warrants, time deposits, open accounts certificates of deposit, repurchase agreements and United States treasury bills or notes in commercial banks, state or federally-chartered savings and loan associations, federally-chartered savings banks having home offices within the State of Kansas or the State Municipal Investment Pool. All deposited funds are required to be 100% secured. Assets pledged by financial institutions to secure deposits must meet certain criteria and must be held in safekeeping by a separate acceptable financial institution, with the exception of repurchase agreements, which do not have to be held by a separate financial institution.

At year-end, the carrying amount of the City's deposits, including certificates of deposit, was \$856,898. The bank balance was \$762,648. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by FDIC insurance and \$356,898 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank.

Note 3: Property Taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1st of each year. The county treasurer is the tax collection agent for all taxing entities within the county. Property owners have the option of paying one-half of the full amount of the taxes levied on or before December 20th of the ensuing year. State statutes prohibit the county treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

Note 4: Long-Term Debt

All general obligation bonds and temporary notes are secured by the full faith and credit of the City. See Statement 5 for details of long-term debt.

Upon authorization of the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, must be interest-bearing and have a maturity date of not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are usually retired from the proceeds of the sale of general obligation bonds.

Note 5: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no decreases in insurance coverage from the prior year.

CITY OF CHAPMAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Note 6: Subsequent Events

The City has evaluated subsequent events through July 15, 2010, which is the date of the financial statements.

Note 7: Defined Benefit Pension Plan
Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by KSA 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66503-3803) or by calling 1-888-275-5737.

KSA 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employers rate established by statute for calendar year 2009 is 6.54%. The City's employer contributions to KPERS for the year ended December 31, 2009, 2008 and 2007 were \$26,396, \$24,732 and \$23,142, respectively, equal to the statutory required contributions for each year.

Note 8: Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

Note 9: Interfund Transfers

Transfers for the year ended December 31, 2009 were as follows:

To	From	In	Out
General	Water Works	\$ 20,000	\$ 20,000
Employee Benefits	Electric	20,000	20,000
Employee Benefits	Sewer	40,000	40,000
Golf	Electric	10,000	10,000
Total Transfers		\$ 90,000	\$ 90,000

Note 10: Compliance with Finance-Related Legal and Contractual Provisions

For the year ended December 31, 2009, the City of Chapman was not in compliance with the revenue bond covenant requiring a monthly transfer equal to one-twelfth of the amount of principle and one-sixth the amount of interest that will be due at the next payment date.

CITY OF CHAPMAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Note 11: Firemen's Relief Association

The Firemen's Relief Association began 2009 with \$29,135 in funds. During 2009, total revenues received were \$4,454, comprised of \$3,041 from the State of Kansas, \$853 in interest income and \$560 in miscellaneous revenue. Total expenditures were \$4,417, consisting of \$3,737 of insurance premiums and \$680 in firefighter relief. The balance of cash as of December 31, 2009 was \$29,172. This cash is held in the following accounts: checking - \$361; savings - \$6,549; and certificates of deposit - \$11,274.